Sask911 Annual Report

For the year ended March 31, 2012

SaskTel's Sask911 Annual Report

(Fiscal year April 1, 2011 – March 31, 2012)

The Emergency 911 System Act was proclaimed in 1996 and provided the legislative authority for development and implementation of Enhanced 9-1-1 (E911) call-taking service province-wide. The Sask911 system utilizes SaskTel's CRTC regulated Provincial E911 Service infrastructure for 9-1-1 call routing, and SaskTel's customer billing systems for billing the call taking fee to SaskTel's customers. Competitive Local Exchange Carriers and Wireless Service Providers are responsible for billing the call taking fee to their customers and remitting it to SaskTel. SaskTel's Provincial Enhanced 9-1-1 Service ensures that, wherever telephone land lines exist in the province and by dialing 9-1-1, people will be able to access a trained emergency 9-1-1 call-taking operator who has electronic access to automatic number, name and location information. SaskTel implemented Phase 2 Wireless E9-1-1 on its wireless network in 2010, for both the CDMA and 4G networks. This functionality will, in most cases, provide the approximate longitude and latitude coordinates of a subscriber's wireless handset to a 9-1-1 call-taking operator when dialing 9-1-1.

Attached are the financial statements of the Sask911 account for the fiscal year from April 1, 2011 to March 31, 2012.

SaskTel's Goals for Sask911 and Future Direction

Over 99% of landlines are now served by E9-1-1. As such, SaskTel's goals and future direction for landline services are now mostly operational in nature:

- along with the Ministry of Corrections, Public Safety and Policing, continue to facilitate the Sask911 process with the other stakeholders;
- continue to bill and collect Sask911 call taking fees, and administrate the Sask911 Account;
- continue to resolve customer billing issues to accommodate Sask911 fees on SaskTel's phone bill;
- continue to commit the resources for the ongoing support and maintenance of SaskTel's Provincial E911 service, and associated facilities infrastructure for the PSAPs;
- enable enhancements to the Phase 2 Wireless E9-1-1, such as in-call location updates and addressing wireless location accuracy, as directed by the CRTC;
- participate in the development of industry-wide solutions for VoIP (Voice over Internet Protocol) originated 9-1-1 calls;
- participate in the development of industry-wide solutions for text messaging or other non-voice communication to the 9-1-1 call takers for the DHHSI (Deaf, Hard of Hearing and Speech Impaired) community. SaskTel is one of 5 funding partners in the development of the technology, database and operating systems for the theT911 Industry Trial scheduled to launch in 2012, with full service to launch according to ESWG determination pending trial results;
- continue to comply with the 9-1-1 directives mandated for Canadian carriers by the CRTC.

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INDEPENDENT AUDITORS' REPORT

To The Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying financial statements of Sask911 Account which comprise the statement of financial position as at March 31, 2012, the statements of operations and net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sask911 Account as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

Regina, Canada
June 18, 2012

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KPMG Canada provides services to KPMG LLP.

Sask911 Account

Statement of Financial Position
As at March 31

		2012		2011
Financial assets				
Cash	$	9,136,806	$	10,608,476
Accounts receivable		865,577		1,121,414
Interest receivable		11,011		9,944
	$	10,013,394	$	11,739,834
Liabilities				
Accounts payable	$	137,833	$	1,946,262
Net financial assets	$	9,875,561	$	9,793,572

See accompanying notes.

On behalf of the Account by the manager, SaskTel

Officer

Officer

Sask911 Account

Statement of Operations and Net Assets
For the year ended March 31

	2012	2011
Revenues		
Sask911 fees - Wireline and Wireless	$ 8,992,891	$ 8,618,781
Interest income	126,712	82,079
	9,119,603	8,700,860
Expenses		
Public safety answering points	4,605,886	4,084,638
Central co-ordination	4,431,728	2,823,217
	9,037,614	6,907,855
Excess of revenues over expenses	81,989	1,793,005
Net financial assets, beginning of year	9,793,572	8,000,567
Net financial assets, end of year	$ 9,875,561	$ 9,793,572

See accompanying notes.

Sask911 Account

Statement of Cash Flows
For the year ended March 31

	2012	2011
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	$ 81,989	$ 1,793,005
Changes in non-cash working capital:		
Accounts receivable	255,837	(631,750)
Interest receivable	(1,067)	(7,375)
Accounts payable	(1,808,429)	668,219
Net (decrease) increase in cash	(1,471,670)	1,822,099
Cash, beginning of year	10,608,476	8,786,377
Cash, end of year	$ 9,136,806	$ 10,608,476

See accompanying notes.

SASK911 ACCOUNT
Notes to Financial Statements
March 31, 2012

1. STATUS OF THE SASK911 ACCOUNT

The Emergency 911 System Act (Chapter E – 7.3 of the Statutes of Saskatchewan) ("the Act") provides for the development, implementation and operation of an Emergency 911 system in the Province, known as The Sask911 System.

Section 45.1 of the SaskTel Act established the Sask911 Account ("the Account"). *The Sask911 Fees Regulations, 2003* (Chapter S - 34 Reg 5 as amended by Saskatchewan Regulations 733/2003), requires all telecommunication operators providing local telephone services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to Saskatchewan Telecommunications ("SaskTel") for deposit into the Account. SaskTel manages the Account.

In addition, *The Sask911 Fees Regulations, 2003*, requires all wireless service providers providing wireless communication services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to SaskTel for deposit into the Account.

Section 7 of the Act provides that the Minister responsible directs SaskTel to make payments out of the Account for the purposes of implementing the Act or exercising any of the Minister's powers.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Revenue recognition
Wireline and wireless Sask911 fees from Saskatchewan Telecommunications are recorded on the accrual basis. Sask911 fees from other service providers are recorded on the basis of amounts reported by the other service providers for the reporting period.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

3. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, ministries, agencies, boards and commissions subject to common control by the Government of Saskatchewan, non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan and investee corporations accounted for under the equity method (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2012	2011
Expenses	$ 2,329,567	$ 1,580,208
Accounts payable	93,678	573,051
Revenues	7,237,322	7,255,307
Accounts receivable	600,746	914,257

In addition, the Sask911 Account pays Saskatchewan Provincial Sales Tax to the Ministry of Government Services on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

4. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash, accounts receivable, interest receivable and accounts payable approximate fair value due to the short term nature of these financial assets and liabilities.